

APPROVES METHODS OF STOCK EXCHANGE

Final Report Made by Gov. Hughes' Commission.

REFORMS FOR CURB MARKET

Drastic Changes Urged for Board of Which No Bona Fide Transactions Are Made—Trading on Margin and Short Selling Not Condemned—Manipulation Serves Useful Purpose.

New York, June 16.—The organization of the New York Stock Exchange and the more important of its rules, regulations, and business methods are approved in the report of the special commission on exchanges appointed by Gov. Hughes late last year. The report has just been submitted to the governor after an investigation lasting six months, in which for the last time books of brokers, records of the stock exchange clearing houses, and all other pertinent sources of information, were available to an investigating body.

Others of the local exchanges do not fare as well. Summary abolition of the mercantile exchange and the metal exchange is recommended for the reason that no bona fide transactions in commodities go through either. Drastic reforms are suggested for the curb market.

Lives Because of Technicality.
The consolidated exchange is dissatisfied in a few sentences as one whose business would be paralyzed if deprived of the use of stock exchange tickets which it now enjoys "upon a technical point in a judicial decision." Little fault is found with the cotton exchange, except that its officers permit too extensive speculation.

On the three most important criticisms directed against the stock exchange both before the commission and in various periodicals in recent years—trading on margin, short selling, and the organizations of the exchange as a club rather than an incorporated company—the commission finds that the criticisms were not well founded. The practice in call loans is also approved.

Manipulation Condemned.
In regard to manipulation of securities only that which is designed to deceive the public is condemned. Otherwise, the commission finds manipulation often serves a useful purpose. No more does the commission take seriously the criticisms on the stock exchange clearing house specialists, or the plan for a State examination of brokers.
But while the commission finds the methods good, it makes several suggestions of ways in which they may be improved. Practically all of these are directed to the governor of the stock exchange, and only one or two to the legislature. Several of them have been put into effect by the governor since the unavailing stock exchange failure of last year.

MYSTERIOUS DEATH OF NEGRO.

Hiram Butler Shot—Wife Is Under Arrest.

Hiram Butler, negro, twenty-nine years old, died about 11 o'clock last night from a pistol shot wound supposed to have been inflicted by himself. He was lying on a bed in a room on the second floor of a house at 139 Second street southwest playing a banjo just before persons on the first floor heard the shot. His wife, Maude Butler, was in the room.

A pistol shot was heard and several negroes ran upstairs. They found Butler on his back on the bed, the banjo on his chest, and the revolver near his hand. He died shortly after. His wife said Butler committed suicide.

Police of the Fourth precinct began an investigation which resulted in the arrest of the wife. She is held at the station pending further inquiry.

OFF FOR SEA GIRT.

George Washington Rifle Champions to Contest in Intercollegiate.

The George Washington rifle team, champions of the colleges, leave this morning for Sea Girt to take part in the intercollegiate rifle match, which starts this afternoon.

The team this year is composed of W. B. Cash, C. H. Bowker, E. F. Wendt, A. R. Calder, C. A. Butman, and J. R. Fehr (captain).

Last season the local team scored an easy victory. Practice will be the order that is said to be stronger, expects to repeat the stunt. In practice held in the National Guard armory the past month the men have rolled up high scores.

The team will arrive in Sea Girt late this afternoon. Practice will be the order for Friday, and the match has been arranged for Saturday.

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MAKES STATEMENT TO-DAY.

President Needham, of G. W. U., Will Answer Critics of Institution.

"The final word" which Dr. Charles W. Needham has promised as a statement of the administration of George Washington University will be issued to-day. It will embrace the complete reply of the institution to all charges and counter-charges recently made against it and its officers.

Denial was made last night that any prophecies as to the nature of this statement were authorized by President Needham has given no intimation as to what he will say, and deprecated certain predictions that he would make general charges against professors who have been retained. His chief aim is to place the situation clearly before the public, not to defend himself or attack others, or to cover up the real state of the university's affairs.

In declining to discuss the situation now, Dr. Needham says he will not make comment after the statement is issued, unless an entirely new condition appears. He is opposed to the idea of a continued agitation, and to his best to discourage it.

INTERESTING TENNIS MATCHES

Howard and Grays Capture Honors in Doubles.

Miss Barry Defeats Miss Smith in Ladies' Singles on Bachelors' Club Courts.

Interesting matches resulted in the Bachelors' Tennis Club, in the Middle Atlantic States championship tennis tournament yesterday afternoon on the Cathedral avenue courts.

The best match of the day was between Howard and Grays against Hills and Dies, the former combination winning by 4-6, 6-4, and 6-3. This match brought out some fine playing, and Dies won the first and part of the second sets postponed from Monday. The Howard and Grays combination, with their excellent net playing and swift serving, won the next four games straight. The second set was by far the best, and was in doubt until the few games. Hills and Dies played a steady game, the former winning many points by his speedy service, while the latter used cross court shots with perfection.

The best match in the ladies' singles was between Miss Barry and Miss E. Smith, the former winning two of three sets by 6-4 and 6-2. Miss Barry was a little faster, and with her excellent serving proved too much for her opponent.

After the Doyle brothers meet in a challenge round of three out of five sets, they will play the Howard and Grays at 2 o'clock, Thursday, followed by the finals in the men's doubles and the ladies' singles.

Men's doubles—Howard and Grays defeated Hills and Dies by 4-6, 6-4, 6-3.

Ladies' singles—Miss E. Smith defeated Miss Barry by 6-4, 6-2, 6-1. Miss Barry defeated Miss E. Smith by 6-4, 6-2, 6-1.

The remainder of the matches in the men's doubles and ladies' singles. The winner of the latter will play Miss Doyle.

WEATHER CONDITIONS.

U. S. Dept. of Agriculture, Weather Bureau, Washington, Wednesday, June 16, 1909.—8 p. m.

The weather in the Atlantic States north of Virginia, the Middle Atlantic States, and the Lower Lake region remained fair during the last twenty-four hours, but an area of unsettled and showery weather is advancing eastward from the Mississippi Valley and will sweep these districts by Thursday night and Friday. There were local rains in the last twenty-four hours in the South Atlantic States, the Upper Lake region, Montana, and on the Pacific Coast north of California. Elsewhere the weather was generally clear and pleasant during the last twenty-four hours.

A change to warmer weather has taken place in the West and Southwest, and the temperature in the North Atlantic States, the Lake region, and the Ohio Valley. Cooler weather prevails in the Northwest.

The winds along the New England coast will be moderate southerly; on the Middle Atlantic coast light to moderate southerly; on the South Atlantic coast light southerly; on the East Gulf coast light to south; on the West Gulf coast moderate southerly; on the Lower Lake light to moderate southerly; on the Upper Lake light to moderate westerly, becoming northerly.

Steamers departing Thursday for European ports will have moderate north and southwest winds and fair weather to the Grand Banks.

Local Temperature.

Temperatures at various cities, together with the amount of rainfall, for the twelve hours ended at 8 p. m. yesterday, are as follows:

	Max.	Min.	8 a. m.	Rel. Hum.
Asheville, N. C.	80	62	68	0.25
Atlanta, Ga.	84	68	74	0.11
Baltimore, Md.	82	66	72	0.11
Bismarck, N. Dak.	82	58	78	...
Boston, Mass.	78	60	68	...
Butte, Mont.	78	60	68	...
Chicago, Ill.	80	58	78	...
Cincinnati, Ohio	82	60	78	...
Cleveland, Ohio	80	60	78	...
Davenport, Iowa	80	56	76	...
Denver, Colo.	84	50	76	...
Des Moines, Iowa	80	58	74	...
Greenwich, Tex.	86	72	84	...
Helena, Mont.	86	70	82	...
Indianapolis, Ind.	78	60	74	...
Jacksonville, Fla.	80	74	80	...
Kansas City, Mo.	82	64	72	...
Little Rock, Ark.	88	70	82	0.01
Los Angeles, Cal.	76	56	68	...
Metairie, La.	78	60	78	...
Memphis, Tenn.	78	68	84	...
New Orleans, La.	80	70	86	...
New York, N. Y.	80	60	68	...
North Platte, Neb.	88	60	86	...
Omaha, Neb.	74	64	74	...
Pittsburg, Mo.	78	64	74	...
Portland, Ore.	74	52	60	...
Portland, Me.	64	56	64	0.02
San Francisco, Cal.	82	62	84	...
St. Louis, Mo.	82	62	84	...
St. Paul, Minn.	74	58	74	0.18
San Francisco, Cal.	82	62	84	...
Springfield, Ill.	82	66	84	...
Tacoma, Wash.	84	64	82	...

Tide Table.

To-day—High tide, 7:20 a. m. and 8 p. m. Low tide, 1:30 a. m. and 2:30 p. m.

To-morrow—High tide, 8:30 a. m. and 8:40 p. m. Low tide, 2:15 a. m. and 2:50 p. m.

Condition of the Water.

Special to The Washington Herald.
Harpers Ferry, W. Va., June 16.—Both rivers muddy.

Bureau Clerks to Play.

Friday at 10:30 o'clock two teams from the night force of the Bureau of Engraving and Printing will meet on the White Lot to decide the baseball supremacy of that office. The team headed by Capt. Daly is composed mainly of veteran ball players, while the other nine, which hopes to trim the vets, is made up of the younger generation of baseballists at the Bureau. The youngsters will be headed by Gara McGinley. When these two clubs met last week McGinley's nine came away with the opponents' scalps, and Daly's aggregation is thirsting to turn the tables, so a good contest should result. Mooney and McGinley will be the box artists.

POLICE AS JUDGES OF MINOR OFFENSES

"Golden Rule" Chief Tells of Methods in Cleveland.

ADDRESS BY MAJ. SYLVESTER

Washington Official Delivers Annual Message as President of Organization, and Discusses Question of Safe and Sound Fourth Obsequy—Will Probably Be Re-elected.

Buffalo, N. Y., June 16.—To-day's session of the convention of the International Association of Police Chiefs was taken up with the reading and reference of papers. The chief of police of Cleveland, Fredrick C. Koehler, was the first to speak.

He said that seventeen months of trial had proved his Golden Rule, or common sense, method a success. The principle of it is that the policeman on the ground is made the judge as to whether he shall arrest the offender or not. He is encouraged not to make an arrest on a first offense.

The result has been that against 30,418 arrests in 1907, there were but 30,085 arrests in Cleveland in 1908. The first rule of the Koehler system is that a juvenile is not to be imprisoned. He is to be taken home, or his parents are to be sent for to administer correction.

Chief James Mcweeney, of South Bend, Ind., moved that the association go on record in favor of the Koehler system. Henry Behrendt, of Lansing, Mich., and Chief Kline, of Wilkes-Barre, Pa., backed up the motion. The other delegates were opposed almost to a man.

The Koehler paper did not even get to the committee on resolutions. It was ordered printed and spread on the minutes, however.

Human Side of Policemen.

B. J. Clark, of Altoona, Pa., read a paper on the human side of the policeman, in which he said that allowances should be made for the feeling of authority which is common with newly created policemen.

Thomas T. Browning, of Ogden, Utah, asked the association to go on record as favoring treating the habitual drunkard as is done in his city. Such drunkards are posted in the saloons. The saloon keeper who sells to them is subject to fine and arrest. His license is revoked on conviction and he cannot get another. The police are directed to keep drunkards away from the saloon.

Thomas F. Farnan, of Baltimore, spoke on the Black, Hand, and kindred societies. He introduced a resolution that the association go on record for a law requiring a form of certificate of character which an immigrant must produce before he is admitted into the country.

Address by Maj. Sylvester.

Maj. Sylvester, chief of police of Washington, delivered his annual address as president of the organization. He discussed the question of safe and sane Fourth of July observance, telling of what had been done in Washington and other cities.

"The increasing fatalities, injuries, and fires incident to the discharge of fireworks and explosives on the Fourth of July," he said, "have called for the restriction and abolition of this indulgence in some municipalities."

"Already several cities have enacted measures prohibitive. Figures for the past six years place the killed at 1,216 and the wounded at 25,899; in other words, six battles accompanied by heavy losses. The movement for the abolition of demonstrations of the kind is progressing, and the police have to do the work. It is to be hoped that the people who are using the proper respect of all these matters by way of civil improvement will not forget to urge adequate police provision to accomplish the desired ends."

To Prevent, Protect, and Detect.

"Noises of an unnecessary kind incident to life in the larger communities have been receiving the attention of those who exercise city control during the year just closed, and the police figure prominently as the means that must be relied upon to check them. It is not the roll of the mills, the creaking of the drays under cases of heavy merchandise that seem to cause complaint, as these are the barometers of activity and trade, but the discordant music of the huckster, the rattling of empty milk cans, barking of dogs and crowing of roosters, all in the early morning hours, have called forth storms of denunciation. In some cities ordinances have been passed and the police have been called upon to enforce them. The scattering of paper in the public thoroughfares and expectorating on the sidewalks are also made offenses in many jurisdictions for which the police must make arrests."

The selection of officers and the place of the next convention has been deferred until Saturday. The feeling among the delegates to-day was that Maj. Sylvester, of Washington, would be re-elected president.

CHARTER BUILDERS' EXHIBIT.

Washington Company Incorporated Under Virginia Laws.

Washingtonians connected with the Local Builders' Exchange have taken out incorporation papers under the laws of Virginia, chartering the Builders Exchange Exhibit Company. Samuel J. Prescott is president of the company. C. R. Rudolph, vice president, and E. C. Graham, secretary. The capital stock of the company is placed at a minimum of \$5,000 and a maximum of \$100,000.

The objects of the company are to form an exhibit of builders' materials in this city, which it is expected will be more or less of a permanent nature. It will be opened within a few months. It is understood the members of the local builders' exchange and other material men and contractors will be entitled to enter exhibits, and it is understood that a large and interesting show will be the result of the movement.

Local material men and builders have long felt the need of some central point where new appliances, materials, and inventions connected with the building business could be seen, with a view to general inspection by persons specially concerned. The result is the formation of this company, which will be instrumental in getting the exhibit together and showing it in an effective manner afterward.

A suitable place for the exhibit will be obtained, and it will probably be started and in operation early in September.

TEXT OF MESSAGE

To the Senate and House of Representatives:

It is the constitutional duty of the President from time to time to recommend to the consideration of Congress such measures as he shall judge necessary and expedient. In my inaugural address, immediately preceding this present extraordinary session of Congress, I invited attention to the necessity for a revision of the tariff at this session, and stated the principles upon which I thought the revision should be effected. I referred to the then rapidly increasing deficit and pointed out the obligation on the part of the framers of the tariff bill to arrange the duty so as to secure an adequate income and suggested that if it was not possible to do so by import duties, new kinds of taxation must be adopted and among them I recommended a graduated inheritance tax as correct in principle and as certain and easy of collection.

Income Tax Proposed.

The House of Representatives has adopted the suggestion and has provided in the bill it passed for the collection of such a tax. In the Senate the action of its Finance Committee and the course of the debate indicate that it may not agree to this provision, and it is now proposed to make up the deficit by imposing a general income tax in form and substance of almost exactly the same character as that which in the case of Pollock vs. Farmers' Loan and Trust Company (157 U. S. 429) was held by the Supreme Court to be unconstitutional, therefore, not within the power of the Federal government to impose, unless apportioned among the several States according to population.

Amendment Is Suggested.

The decision of the Supreme Court in the income tax cases deprived the national government of a power which, by reason of previous decisions of the court, it was generally supposed the government had. It is undoubtedly a power the national government ought to have. It might be indispensable to the national government in the future.

Although I have not considered a constitutional amendment as necessary to the exercise of certain phases of this power, a mature consideration has satisfied me that an amendment is the only proper course for its establishment to all extent. I therefore, recommend to the Congress that both Houses, by a two-thirds vote, shall propose an amendment to the Constitution conferring the power to levy an income tax upon the national government without apportionment among the States in proportion to population.

Second.—The decision in the Pollock case left power in the national government to levy an income tax, which accomplishes the same purposes as a corporation income tax, and is free from certain objections urged to the proposed income tax measure.

Proposes Excise Tax.

I, therefore, recommend an amendment to the tariff bill imposing upon all corporations and joint stock companies for profit, except national banks (otherwise taxed), savings banks and building and loan associations, an excise tax measured by 2 per cent on the net income of such corporations. This is an excise tax upon the privilege of doing business as an artificial entity, and of freedom from the general liability which is enjoyed by those who own the stock.

I am informed that a 2 per cent tax of this character would bring into the treasury of the United States not less than \$25,000,000.

The decision of the Supreme Court in the case of the Standard Oil Company against McClain (352 U. S. 387) seems clearly to establish the principle that such a tax as this is an excise tax upon privilege and not a direct tax on property and is within the power of the government without apportionment according to population. The tax on net income is preferable to one proportionate to a percentage of the gross receipts, because it is a tax upon success, and not failure.

The income tax is a tax on the net income at a time when the corporation is well able to pay and when collection is easy.

Brings Federal Supervision.

Another merit of this tax is the Federal supervision which must be exercised in order to make the law effective over the annual accounts and business transactions of all corporations. While the faculty of assuming a corporate form has been of the utmost utility in the business world, it is also true that substantial abuses have resulted from all the evils which have aroused the public to the necessity of reform were made possible by the use of this very faculty. If now, by a perfectly legitimate and effective system of taxation, we are incidentally able to possess the government and the stockholders and the public of the knowledge of the real business transactions and the gains and profits of every corporation in the country, we have made a long step toward that supervision of the business world which may prevent a further abuse of power.

I recommend, then, first, the adoption of a joint resolution by two-thirds of both Houses, proposing to the States an amendment to the Constitution granting to the Federal government the right to levy and collect an income tax without apportionment among the States according to population; and, second, the enactment, as part of the pending revenue bill, of a tax on the net income of corporations in addition to the inheritance tax of an excise tax upon all corporations, measured by 2 per cent of their net income.

WILLIAM H. TAFT.

The White House, June 16, 1909.

POPE HEARS OF BASEBALL.

Archbishop Farley Interests His Holiness in American Game.

Rome, June 16.—Pope Pius X has enrolled himself with the hundreds of thousands of people the world over who love the game of baseball. His duties and the great of the Vatican prevent him from attending a game, but the head of the great church has evinced a decided interest in the baseball contests between the students at the American College at Rome.

When Archbishop Farley had an audience with his holiness to-day several minutes were passed in a friendly discussion of the great American pastime, of which the archbishop is a devotee. The archbishop attended a game yesterday between the students in connection with the celebration of the golden jubilee of the college.

In a joking tone the Pope said to the archbishop: "I have been told that yesterday you went out to Castel Gandolfo and played baseball."

The archbishop replied: "Yes, your holiness; I pitched the ball. It was the first game I played at Castel Gandolfo, and I wanted it to be inaugurated by one of the oldest of the alumni."

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ZINC ITEM FINISHED

Tariff Situation Loosening Up in the Senate.

FREE TRADE FOR PHILIPPINES

Committee Amendments Prevail on Question That Has Been One of the Most Bitterly Contested Paragraphs in Bill—Gore Flays Sugar Trust. Root Opposes Philippine Provision.

The Senate disposed of the zinc paragraph in the tariff bill yesterday afternoon without the formality of a roll call. It was one of the indications of the loosening up of the tariff situation.

The question of the duty on zinc had been one of the most bitterly contested paragraphs in the bill. The committee amendments prevailed. The discussion, which was begun in the afternoon, immediately after the disposition of the Philippine paragraph, was concluded about 6 o'clock.

Senator Heyburn was the principal speaker. He opposed the amendment because he declared the duty was not high enough. Senator Burton, of Ohio, opposed the amendment because, as he said, there was no necessity for a duty.

Al of which confirmed what Senator Aldrich had said earlier in the day, in regard to the zinc paragraph, that after all the weeks of careful consideration given to it, he would be surprised if he found it satisfactory to a single Senator outside of the membership of the committee.

The effect of the amendment is to admit free of duty zinc-bearing ores which contain less than 10 per cent of metallic zinc, and to impose a graduated duty, beginning with one-fourth of a cent a pound on the zinc in ores which contain 10 per cent and over of metal. The maximum duty of one cent a pound is laid upon ores which contain 25 per cent and over of zinc.

The Payne bill as it came from the House, imposed a duty of one cent a pound, flat, on the metal contents of all zinc-bearing ores. Senator Smoot explained that the committee was influenced by the fact that the ores containing less than 10 per cent of zinc free of duty, to meet a situation presented by the importation of copper ores which are brought in for smelting, much of which contains quantities of zinc less than 10 per cent, and none of which is recovered from smelting.

Senator Warner, of Missouri, who represents a State which is more interested, perhaps, than any other in obtaining the passage of the bill, said that the Senate, explained that the duty was satisfactory to his constituents of the Joplin district.

Senator Keen, of New Jersey, offered an amendment in the form of a substitute to the paragraph imposing a duty on zinc-bearing ores, which laid a low duty on the low-grade zinc ores. It was voted down.

Senator Heyburn also submitted an amendment, which practically restored the House duty of 1 cent a pound, but that also was rejected.

The other duties imposed by the amendments reported from the Finance Committee, all of which were adopted, were as follows: Zinc in pigs and sine dust, 1-1/2 cents a pound; zinc sheets, 1 1/2 cents a pound; zinc coated or plated with solution, 2 cents a pound; scrap zinc, 1 cent a pound.

In the course of the debate Senator Heyburn, in an argument against the necessity of a duty on zinc ore, directed